

1. Significant accounting policies

(a) Basis of preparation

Oki Electric Industry Company, Limited (the "Company") and its domestic consolidated subsidiaries (the "Group") maintain their accounting records and prepare their financial statements in accordance with accounting principles and practices generally accepted in Japan and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile. The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan and include certain additional financial information for the convenience of readers outside Japan. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

Certain amounts from prior years have been reclassified to conform to the current year's presentation.

In March 1998, the Business Accounting Deliberation Council of Japan issued a new accounting standard for statements of cash flows, which is effective the year ended March 31, 2000. Prior to the issuance of this standard, there existed no accounting standard for the preparation of statements of cash flows in Japan and, accordingly, the Company and its subsidiaries had prepared their statements of cash flows in a format similar to that required under accounting standards generally accepted in the United States.

The Company and its subsidiaries adopted the new accounting standard effective the year ended March 31, 2000. However, the accompanying consolidated statement of cash flows for the year ended March 31, 2000 has not been prepared under the exact format in accordance with the new standard because the Group considers that it is critical to maintain consistency with those prepared in prior years and the concept and format are almost the same as those under the new standard.

(b) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

In accordance with the accounting standards for consolidation issued by the Business Accounting Deliberation Council, effective April 1, 1999, the accompanying consolidated financial statements include the accounts of the Company and all its subsidiaries over which substantial control is exerted through either majority ownership of voting stock and/or by other means. However, the adoption of the new standards did not have an impact on the consolidated financial statements for the year ended March 31, 2000. All significant intercompany balances and transactions have been eliminated in consolidation. After allocation to the respective assets based on the fair value of such assets at their dates of acquisition, the difference between the cost and the underlying equity in the net assets acquired

from subsidiaries and affiliates (companies over which the Group has the ability to exercise significant influence) accounted for on an equity basis is amortized by the straight-line method over a period of five years.

Investments in certain unconsolidated subsidiaries and significant affiliates are accounted for by the equity method. Other investments in unconsolidated subsidiaries and affiliates are stated at cost or less. Where there has been permanent impairment in the value of such investments, the Company has written down its investments to reflect the impairment.

(c) Translation of foreign currencies

(1) The Company translates the revenue and expense accounts of the foreign consolidated subsidiaries at the rates of exchange in effect at the balance sheet date. The balance sheet accounts, except for the components of shareholders' equity, are also translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates.

The differences arising from translation where two exchange rates have been used are presented as translation adjustments in the accompanying consolidated financial statements.

(2) Current monetary assets and liabilities denominated in foreign currencies of the Company and its domestic consolidated subsidiaries are translated into yen at the current rates except for those hedged by forward foreign exchange contracts, which are translated at the contracted rates. Non-current accounts are translated at historical rates except for certain long-term debt hedged by forward foreign exchange contracts, which are translated at the contracted rates.

All revenues and expenses are translated at the average rate for the month prior to the transaction.

Gains and losses arising from exchange differences are credited or charged to income in the year in which they are incurred except for those arising from forward foreign exchange contracts pertaining to long-term debt, which are deferred and amortized over the periods of the respective contracts.

(d) Cash equivalents

All highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.

The Business Accounting Deliberation Council issued a new accounting standard for statements of cash flows in March 1998. This standard became effective for fiscal years beginning on or after April 1, 1999. Accordingly, certain short-term investments in money trusts and other which had previously been classified under "marketable securities" are now considered cash equivalents. The reclassifications were not made to the consolidated balance sheet as of March 31, 1999 in order to conform the prior year's presentation to the current year's presentation. A reconciliation between cash and cash equivalents at March 3, 1999 in accordance with the definition of cash equivalents before and after the adoption of the new accounting standard is presented in Note 12.

(e) *Marketable securities*

Marketable securities are stated at cost determined by the moving average method.

(f) *Inventories*

Inventories are principally stated at cost determined by the following methods:

- Finished goods—Moving average method
- Work in process—Specific-identification method
- Raw materials and supplies—Last purchase price method

(g) *Property, plant and equipment, and depreciation*

Property, plant and equipment is recorded at cost, except that, as permitted by the Corporation Tax Law of Japan, the cost of certain land and machinery and equipment has been reduced to offset capital gains from the disposal of certain assets.

Depreciation of property, plant and equipment is principally computed by the declining-balance method over the estimated useful lives of the respective assets. However, buildings (excluding leasehold improvements) acquired after April 1, 1998 by the Group are depreciated by the straight-line method over the periods prescribed in the Corporation Tax Law. Significant renewals and betterments are capitalized at cost. Maintenance and repairs are charged to income.

(h) *Intangible assets and amortization*

Intangible assets including computer software costs capitalized are amortized by the straight-line method over their estimated useful lives.

(i) *Leases*

Noncancelable leases are primarily accounted for as operating leases (regardless of whether such leases are classified as operating or finance leases) except that lease agreements which stipulate the transfer of ownership of the leased property to the lessee are accounted for as finance leases.

(j) *Severance indemnities and pension plans*

The Group has severance benefits plans covering substantially all their employees. An employee who terminates employment with the Company receives approximately 60% of such benefits in the form of a lump-sum payment, or as pension annuity payments from the pension plans with the remainder in a lump-sum payment from the unfunded severance benefit plan. Severance benefits are based on the compensation at the time of termination, years of service and certain other factors.

The Group principally provides for the liabilities for severance indemnities at 40% of the amount which would be required to be paid if all eligible employees voluntarily terminated their employment at the balance sheet date.

Costs with respect to the pension plans are funded as accrued at amounts determined actuarially.

The pension fund assets at March 31, 1999, the most recent valuation date except for certain subsidiaries, amounted to ¥138,478 million (\$1,306,404 thousand).

(k) *Income taxes*

Effective the year ended March 31, 1999, the Group fully adopted deferred tax accounting for income taxes in accordance with a new accounting standard issued by the Business Accounting Deliberation Council. This standard requires recognition of income taxes by liability method. Under the liability method, deferred tax assets and liabilities are determined based on the difference between financial reporting and the tax basis of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse. The effect of this change was to decrease net loss by ¥23,885 million for the year ended March 31, 1999 from the amount, which would have been recorded by the method applied in the previous year. In addition, the cumulative effect of this change was reported as "adjustment for the cumulative effect on prior years of retroactively recognizing deferred income taxes" in the consolidated statements of shareholders' equity.

2. U.S. dollar amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation only, at ¥106=US\$1.00, the approximate exchange rate prevailing on March 31, 2000. The translation should not be construed as a representation that yen have been, could have been, or could in the future be converted into U.S. dollars at that or any other rate.

3. Marketable securities

Information with respect to the carrying value and related market value of marketable securities at March 31, 2000 and 1999 for which market prices are available is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Carrying value of:			
Marketable equity			
securities	¥41,266	¥42,539	\$389,309
Bonds	21,685	7,078	204,583
Other	1,110	14,298	10,476
	<u>¥64,063</u>	<u>¥63,916</u>	<u>\$604,368</u>
Market value of marketable equity securities	¥59,319	¥54,185	\$559,616

4. Inventories

Inventories at March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Finished goods	¥ 46,941	¥ 52,705	\$ 442,841
Work in process	51,236	75,758	483,359
Raw materials and supplies	42,467	35,428	400,636
	<u>¥140,644</u>	<u>¥163,892</u>	<u>\$1,326,836</u>

5. Investments in and advances to unconsolidated subsidiaries and affiliates

Investments in and advances to unconsolidated subsidiaries and affiliates at March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Investments stated:			
By the equity method	¥3,643	¥ 4,495	\$34,376
At cost or less	4,400	5,804	41,516
Advances	1,003	2,828	9,464
	<u>¥9,047</u>	<u>¥13,128</u>	<u>\$85,357</u>

6. Other investments in securities

Information with respect to the carrying value and related market value of other investments in securities at March 31, 2000 and 1999 for which market prices are available is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Carrying value of:			
Marketable equity securities	¥ 368	¥ 380	\$ 3,477
Other stocks and securities	15,774	14,139	148,817
	<u>¥16,143</u>	<u>¥14,519</u>	<u>\$152,295</u>
Market value of marketable equity securities	¥ 398	¥ 313	\$ 3,757

7. Short-term borrowings and long-term debt

Short-term borrowings are generally unsecured and represent notes. The weighted average interest rates for the years ended March 31, 2000 and 1999 were approximately 1.3% and 1.5%, respectively.

Long-term debt at March 31, 2000 and 1999 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Loans from banks, insurance companies and government agencies, due through 2022 at rates of up to 8.0%:			
Secured	¥ 3,000	¥ 3,179	\$ 28,301
Unsecured	112,704	111,702	1,063,253
	<u>115,704</u>	<u>114,882</u>	<u>1,091,555</u>
Unsecured convertible bonds:			
2.2% bonds in yen due 2004	32,188	32,688	303,660
1.8% bonds in yen due 2001	17,543	20,000	165,500
3.5% bonds in U.S. dollars due 1999	—	25	—
Unsecured bonds in yen:			
6.5% bonds due 2000	—	26,460	—
2.45% bonds due 2001	9,500	10,000	89,622
3.05% bonds due 2003	10,000	10,000	94,339
3.05% bonds due 2002	20,000	20,000	188,679
3.15% bonds due 2006	20,000	20,000	188,679
2.175% bonds due 2002	9,900	10,000	93,396
2.65% bonds due 2007	10,000	10,000	94,339
Floating rate* bonds due 2004	5,000	5,000	47,169
2.625% bonds due 2001	9,000	10,000	84,905
3.00% bonds due 2005	10,000	10,000	94,339
2.82% bonds due 2004	10,000	10,000	94,339
2.00% bonds due 2001	5,000	5,000	47,169
2.59% bonds due 2001	5,000	5,000	47,169
2.37% bonds due 2002	5,000	5,000	47,169
	<u>293,835</u>	<u>324,405</u>	<u>2,772,036</u>
Less: Current portion	(38,166)	(33,460)	(360,063)
	<u>¥255,669</u>	<u>¥290,945</u>	<u>\$2,411,973</u>

*represents a rate linked to yen interest rate swap for 10 years (1.858% at the date of issuance of the bonds).

At March 31, 2000, short-term and long-term debt aggregating ¥3,500 million (\$33,018 thousand) were collateralized by property, plant and equipment which amounted to ¥15,457 million (\$145,820 thousand).

As is customary in Japan, both short-term and long-term bank loans are made under general agreements which provide that collateral and guarantees (or additional collateral or guarantees, as appropriate) with respect to present and future indebtedness will be given at the request of a lending bank, and that the bank shall have the right, as the obligations become due, or in the event of default, to offset any cash deposited against such obligations.

Convertible bonds, unless previously redeemed, are convertible into shares of common stock of the Company at the following conversion prices:

	Conversion price per share	Conversion period
2.2% bonds in yen due 2004	¥1,050.00	November 1, 1988 to March 30, 2004
1.8% bonds in yen due 2001	¥1,145.00	November 1, 1989 to September 27, 2001
3.5% bonds in U.S. dollars due 1999	¥ 766.70	October 1, 1984 to September 22, 1999

The bonds are redeemable at the Company's option, in whole or in part, at the following redemption prices together with the accrued interest to the date of redemption:

	Redemption price (% of the principal amount)	Redeemable on or after
2.2% bonds due 2004	106%–100%	April 1, 1997
1.8% bonds due 2001	105%–100%	October 1, 1995
3.5% bonds in U.S. dollars due 1999	104%–100 $\frac{1}{2}$ %	September 30, 1987

Under the terms of the issues, the conversion prices of the convertible bonds are subject to adjustment in certain cases which include stock splits.

A sufficient number of shares of common stock is reserved for the conversion of all outstanding convertible bonds.

The aggregate annual maturities of long-term debt subsequent to March 31, 2000 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2001	¥ 38,166	\$ 360,063
2002	48,084	453,623
2003	27,368	258,193
2004	23,402	220,782
2005 and thereafter	156,813	1,479,373
	<u>¥293,835</u>	<u>\$2,772,036</u>

8. Income taxes

Deferred tax assets (liabilities) at March 31, 2000 consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Deferred tax assets:		
Loss carryforwards	¥30,281	\$285,673
Nondeductible accrued bonuses	2,320	21,889
Nondeductible severance indemnities	1,940	18,304
Elimination of intercompany profit	1,654	15,612
Other	2,407	22,713
Gross deferred tax assets	38,604	364,194
Less: Valuation allowance	(11,594)	(109,386)
Total deferred tax assets	27,009	254,807
Deferred tax liabilities		
Tax purpose reserve (special reserve)	(7,539)	(71,130)
Other	(515)	(4,864)
Gross deferred tax liabilities	(8,055)	(75,995)
Net deferred tax assets	<u>¥18,954</u>	<u>\$178,812</u>

Net deferred tax assets are included in the consolidated balance sheets as follows:

	Millions of yen	Thousands of U.S. dollars
Other current assets	¥ 9,845	\$ 92,886
Other assets	9,115	85,996
Other current liabilities	1	12
Other long-term liabilities	6	58
Net deferred tax assets	<u>¥18,954</u>	<u>\$178,812</u>

Total income tax benefits for the year ended March 31, 2000 resulted in an effective tax benefit rate of 78.3%. The difference between the aggregate statutory rate in Japan (42.0%) and the effective rates on pretax income is summarized as follows:

Statutory rate	42.0%
Addition (deduction) in income taxes resulting from:	
Increase in valuation allowance recognized on loss of subsidiaries	17.8%
Intercompany profit in excess of taxable income	14.2%
Permanent differences nondeductible such as entertainment expense	10.3%
Permanent differences unrecognized for tax purpose such as dividends received	(8.1%)
Other, net	2.1%
Effective tax rate	<u>78.3%</u>

9. Special reserves

Special reserves are stated in accordance with the Special Taxation Measures Law and the Commercial Code of Japan. The reserves are deducted from taxable income when provided and reversed to taxable income in subsequent years, which results in a deferral of income tax payments.

10. Depreciation

The provision for depreciation of property, plant and equipment for the years ended March 31, 2000, 1999 and 1998 was as follows:

	Millions of yen			Thousands of U.S. dollars
	2000	1999	1998	2000
	<u>¥37,771</u>	<u>¥42,910</u>	<u>¥60,018</u>	<u>\$356,335</u>

11. Research and development expenses

Research and development expenses for the years ended March 31, 2000, 1999 and 1998, were as follows:

	Millions of yen			Thousands of U.S. dollars
	2000	1999	1998	2000
	<u>¥29,509</u>	<u>¥40,912</u>	<u>¥42,380</u>	<u>\$278,389</u>

12. Supplementary cash flow information

The following table represents a reconciliation between cash and cash equivalents at March 31, 1999 in accordance with the definition of cash equivalents before and after the adoption of the new accounting standard:

	Millions of yen
Cash and cash equivalents at March 31, 1999 in accordance with the definition of <i>after</i> the adoption of the new accounting standard	¥ 91,423
Money Management Fund	11,207
Other	5,870
Cash and cash equivalents at March 31, 1999 in accordance with the definition of <i>before</i> the adoption of the new accounting standard	¥108,501

13. Derivative and hedging activities

The Company and its subsidiaries primarily utilize comprehensive forward foreign exchange and currency swap contracts to hedge their exposure to foreign exchange fluctuations arising from operating receivables and payable. The Company and its subsidiaries also utilize interest swap contracts to avoid risks of interest rate fluctuations and to equalize financial costs for each financial year regarding short-term and long-term debt with variable interest rates. As a matter of policy, the Company and its subsidiaries do not speculate in derivative transactions, which may have any huge fluctuations of their market values. The Company and its subsidiaries do not anticipate credit risk resulting from nonperformance by any of the counterparties because all such counterparties are financial institutions with high credit ratings. The Company and its subsidiaries have principally their internal rules for the derivative transactions, which prescribe managers' duties, management of transactions and reporting system. The derivative transactions on a daily basis are controlled by the financial section, which has the internal control system to supervise the procedures and transaction limits, and are confirmed to financial institutions by the accounting section.

Information with respect to the contract amount, fair value of and unrealized gain or loss on derivatives:

	Millions of yen			
	Contract amount			
March 31, 2000	Total	Non-current portion	Fair value	Unrealized gain (loss)
Currency related:				
Forward exchange contracts:				
Sold:				
U.S. dollars	¥ 8,024	¥ —	¥ 8,097	¥(73)
Deutsche marks	1,691	—	1,578	113
Pounds sterling	21	—	20	—
Interest related:				
Interest rate swap:				
Receipts fixed/				
Payments floating	2,000	2,000	117	117
Payments fixed/				
Receipts floating	69,591	47,591	(1,644)	(1,644)

	Thousands of U.S. dollars			
	Contract amount			
Total	Non-current portion	Fair value	Unrealized gain (loss)	
Currency related:				
Forward exchange contracts:				
Sold:				
U.S. dollars	\$75,700	\$ —	\$76,394	\$(693)
Deutsche marks	15,962	—	14,890	1,071
Pounds sterling	200	—	196	4
Interest related:				
Interest rate swap:				
Receipts fixed/				
Payments floating	18,867	18,867	1,111	1,111
Payments fixed/				
Receipts floating	656,518	448,971	15,513	15,513

Currency related:

Forward exchange contracts:

Sold:

U.S. dollars	\$75,700	\$ —	\$76,394	\$(693)
Deutsche marks	15,962	—	14,890	1,071
Pounds sterling	200	—	196	4

Interest related:

Interest rate swap:

Receipts fixed/				
Payments floating	18,867	18,867	1,111	1,111
Payments fixed/				
Receipts floating	656,518	448,971	15,513	15,513

- Notes: 1. Forward exchange contracts are valued at the quotations in the forward foreign exchange market.
2. Excluded from the above table are forward foreign exchange contracts which hedge foreign-currency-denominated receivables and payables carried at forward exchange rates whose final settlement amounts are fixed.
3. Interest rate swap contracts are valued at the price quoted by the counterparty financial institutions. The interest rate swap transaction with receipts fixed/payments floating for the notional amount of ¥2,000 million (\$18,867 thousand) is offset against the corresponding amount with payments fixed/receipts floating.

14. Leases

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥6,124 million (\$57,778 thousand), ¥7,998 million and ¥9,800 million for the years ended March 31, 2000, 1999 and 1998, respectively.

Leased assets under finance leases accounted for as operating leases were as follows:

Year ending March 31	Thousands of U.S. dollars	
	Millions of yen	2000
Machinery and equipment	¥21,533	\$203,143
Other	6	61
Less: Accumulated amortization	(9,897)	(93,369)
	¥11,642	\$109,834

Amortization is computed by applying the straight-line method over the estimated useful lives of the related assets and assuming that the Company guarantees a nil residual value at the end of the term of each of the leases.

The following is a schedule of the future minimum lease payments under finance leases accounted for as operating leases:

Year ending March 31	Thousands of U.S. dollars	
	Millions of yen	U.S. dollars
2001	¥ 4,670	\$ 44,057
2002 and thereafter	6,972	65,776
	¥11,642	\$109,834

The minimum rental payments subsequent to March 31, 2000 required under operating leases with noncancelable lease terms in excess of one year are summarized as follows:

Year ending March 31	Thousands of U.S. dollars	
	Millions of yen	U.S. dollars
2001	¥ 48	\$458
2002 and thereafter	55	527
	¥104	\$986

15. Contingent liabilities

At March 31, 2000, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
As endorsers of trade notes discounted and endorsed	¥ 680	\$ 6,421
As guarantors of indebtedness of:		
Unconsolidated subsidiaries and affiliates	4,286	40,438
Other	5,686	53,650
	<u>¥10,654</u>	<u>\$100,510</u>

16. Amounts per share

Basic net income (loss) per share shown below is based on the weighted average number of shares of common stock outstanding during each year. Diluted net income (loss) per share is based on the weighted average number of shares of common stock outstanding each year after giving effect to the dilutive potential of common shares to be issued upon the conversion of convertible bonds.

Net assets per share are based on the number of shares of common stock outstanding at each balance sheet date.

	Yen			U.S. dollars
	2000	1999	1998	2000
Net income (loss) :				
Basic	¥ 1.87	¥ (77.46)	¥ (13.18)	\$0.01
Diluted	—	—	—	—
Net assets	<u>¥232.86</u>	<u>¥230.77</u>	<u>¥321.98</u>	<u>\$2.19</u>

Diluted net income (loss) per share for each year has not been presented because there would have been no dilutive effect on any assumed conversion of convertible bonds for the year ended March 31, 2000 and because net loss was recorded for the years ended March 31, 1999 and 1998.

17. Subsequent event

On June 29, 2000, the shareholders of the Company approved the following disposal of accumulated deficit, which has not been reflected in the accompanying financial statements for the year ended March 31, 2000:

	Millions of yen	Thousands of U.S. dollars
Reversal of special reserve	¥1,590	\$15,002
Provision for special reserve	(978)	(9,233)

18. Segment information

The Company and its consolidated subsidiaries are engaged in the manufacture and sale of products in Japan and foreign countries in one business segment—telecommunications, information systems and electronic devices.

The geographical segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2000, 1999 and 1998 is outlined as follows:

Year ended March 31, 2000	Millions of yen					
	Japan	North America	Other	Total	Eliminations	Consolidated
Sales to third parties	¥526,986	¥ 73,623	¥ 69,166	¥669,776	¥ —	¥669,776
Interarea sales and transfers ..	102,842	377	42,275	145,494	(145,494)	—
Total sales	629,829	74,001	111,441	815,271	(145,494)	669,776
Operating expenses	615,176	75,231	109,835	800,243	(144,270)	655,972
Operating income (loss) ...	¥ 14,652	¥ (1,230)	¥ 1,605	¥ 15,028	¥ (1,224)	¥ 13,804
Total assets	¥759,709	¥ 45,627	¥ 60,412	¥865,749	¥(117,317)	¥748,432

Year ended March 31, 1999	Millions of yen					
	Japan	North America	Other	Total	Eliminations	Consolidated
Sales to third parties	¥520,511	¥ 75,854	¥ 76,805	¥673,170	¥ —	¥673,170
Interarea sales and transfers ..	102,435	3,306	38,135	143,877	(143,877)	—
Total sales	622,946	79,161	114,940	817,048	(143,877)	673,170
Operating expenses	657,257	83,100	114,440	854,798	(143,330)	711,468
Operating income (loss) ...	¥ (34,310)	¥ (3,939)	¥ 499	¥ (37,750)	¥ (547)	¥ (38,297)
Total assets	¥801,817	¥ 38,864	¥ 56,840	¥897,523	¥ (97,628)	¥799,894

Year ended March 31, 1998	Millions of yen					
	Japan	North America	Other	Total	Eliminations	Consolidated
Sales to third parties	¥585,905	¥ 93,458	¥ 85,231	¥764,596	¥ —	¥764,596
Interarea sales and transfers ..	102,360	6,433	40,628	149,422	(149,422)	—
Total sales	688,265	99,892	125,860	914,018	(149,422)	764,596
Operating expenses	676,848	106,304	120,379	903,532	(149,029)	754,502
Operating income (loss) ...	¥ 11,417	¥ (6,412)	¥ 5,480	¥ 10,486	¥ (392)	¥ 10,093
Total assets	¥823,725	¥ 45,958	¥ 59,986	¥929,671	¥ (92,826)	¥836,844

Year ended March 31, 2000	Thousands of U.S. dollars					
	Japan	North America	Other	Total	Eliminations	Consolidated
Sales to third parties	\$4,971,570	\$694,563	\$ 652,513	\$6,318,647	\$ —	\$6,318,647
Interarea sales and transfers ..	970,213	3,559	398,820	1,372,593	(1,372,593)	—
Total sales	5,941,784	698,122	1,051,333	7,691,240	(1,372,593)	6,318,647
Operating expenses	5,803,553	709,727	1,036,185	7,549,466	(1,361,046)	6,188,419
Operating income (loss) ...	\$ 138,230	\$ (11,604)	\$ 15,148	\$ 141,774	\$ (11,546)	\$ 130,227
Total assets	\$7,167,070	\$430,450	\$ 569,930	\$8,167,452	\$(1,106,770)	\$7,060,681

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries, totaled ¥163,887 million (\$1,546,112 thousand), ¥171,064 million and ¥203,191 million, or 24.5%, 25.4% and 26.6% of consolidated net sales for the years ended March 31, 2000, 1999 and 1998, respectively.